

HONOLULU ADVERTISER (HI)
10 August 1985

Rewald convincing, investors say

Cancer patient, widows, retiree testify

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Lani Sutton, the daughter of the late president of Honolulu Federal Savings & Loan, thought she was dying of cancer when she gave Ronald Rewald her money.

"I didn't want to be a burden to my children," she testified yesterday, so she instructed Rewald to take care of her medical expenses first, and then to make sure her children had a home. "I wanted peace of mind," she said.

Rewald gave that to her, she indicated. "He found out I had cancer, he was very concerned about my condition . . . he said he would come to the hospital (to see her)."

But when she was in the hospital in August 1983, so was Rewald. He had attempted suicide, and his company had collapsed.

Sutton's son, Daniel, said he turned over his stock certificates to Rewald after Rewald, without knowing it was stock in IBM and Exxon, told him flatly to sell it.

Joseph L. Sem, the retired welding supervisor, had had a heart bypass operation when he turned over the last of his savings and a power of attorney to Rewald.

"I thought he was quite the guy," Sem said.

Sem said Rewald's reports persuaded him that "I was earning money faster than I ever had in my life."

Katsue Tajiri trusted Rewald with the money from her late husband's estate because she'd actually collected 60 percent interest on an initial deposit with him in six months' time. And Bishop Baldwin Rewald Dillingham & Wong appeared to her to involve solid kamaaina names. "If they go broke, all Hawaii go broke," she said.

Lynn Viveiros, another widow, wanted to make sure she'd get enough from her husband's insurance money to pay the mortgage. She gave her money to Rewald.

She said Rewald told her there was no risk, the money was federally insured and she was guaranteed at least 20 percent a year.

She got \$500 a month in interest for a while, until the check dated July 28, 1983.

What happened to that check, Viveiros was asked.

"It bounced," she said.

The investors lined up in federal court this week to tell their stories as the prose-

cution sought to prove Rewald guilty of 98 counts of perjury, tax evasion and fraud.

The investors told the jury where the money had come from. Other witnesses testified about where it went.

John Monnett, a dealer in classic automobiles, said Rewald first bought a Mercedes Benz 450 SL Coupe, in June 1980 for \$16,500, not for himself but "for one of the children."

Six weeks later Rewald was back, to buy a 1957 Ford Thunderbird for \$13,419.65. Monnett repainted it dark brown because "Mr. Rewald liked dark brown. It was one of his favorite colors."

Two months later, Rewald picked up a Rolls-Royce for \$37,640, and later had the interior redone in gold velvet, Monnett said.

There was a rush job to reupholster another Rolls, the \$52,800 Silver Shadow convertible coupe, because "the interior was red and Mr. Rewald's wife did not like red."

In all, Monnett testified, there were about eight cars Rewald bought for nearly \$200,000.

Ed Thomas testified that he sold Rewald his Kalaheo Highway mansion for \$950,000, \$50,000 down and \$10,000 a month, after Rewald called him repeatedly and said "I can't stop thinking about that house of yours — I've just got to have it."

Brad Kerwin testified that Rewald paid \$48,000 a year to have the Rewald children tutored. There were diving instructors and art instructors, too.

Kerwin told of accompanying the family on a trip to the Far East and watching Rewald peel \$100 bills from a thick wad in his wallet.

The parade of witnesses indicated Rewald had very catholic tastes in his clientele, from housewives to M.D.s, retirees to college-age youth.

Many of them testified that they "felt honored" to be allowed to invest with Rewald, a man who claimed his typical client was worth \$4 million.

But they said they might have felt otherwise if Rewald had told them he had been convicted of petty theft and gone bankrupt in Wisconsin in 1976.

Would that information have made a difference, investor Dr. Gerald Wong was asked.

"Yes," Dr. Wong said, "I would have run like hell."

Trial will resume Tuesday with testimony from more of almost 40 investor witnesses from among the 400 who put \$22 million in Bishop Baldwin.